

PROBABLE POST-GENEVA COMMUNIST POLICY

I. BACKGROUND - The Outcome at Geneva:

A. ~~At first glance~~, Communists at Geneva settled for less
than they could ^{have} got, in view Viet Minh military successes.

1. By delay at conference, they might have seized all
Indochina.

2. By not meeting Mendes-France's dramatic bid for
peace, they might have caused critical internal
crisis in France.

B. Several very good reasons for Communist settlement.

1. Desirable to end "hot" war in order continue under-
mining Western alliance.

2. Continuation of "hot" war greatly increased risk of
^{armed} ^{Communist}
US intervention ^{in China}

3. Overwhelming Communist victory in Indochina might
have frightened non-Communist Asians into closer

their assistance in blocking Western plans for
SEATO.

II. POST-GENEVA EXPECTATIONS - Short-Term Probabilities:

A. Communists unlikely to make ^{major over} ~~major new~~ military moves
in near future.

B. In Europe, Moscow will capitalize on Geneva atmosphere
by pressing for further negotiations. /Already state
lesson of Geneva is success of negotiations for peace
with U.S. on sidelines.⁷

C. In Asia, the Chinese Communists will try to make
^{+ off shore islands}
Formosa a major issue, also intensify efforts to under-
mine "reactionary" regimes in Thailand, Japan.

III. Soviet negotiations will aim at: forestalling EDC and German
rearmament; blocking creation of US-backed Middle East defense
grouping or Southeast Asian alliance; major aim - splitting
chief Western allies and wrecking NATO.

A. USSR moving swiftly. 24 July note, asking all-European
conference on " prospective settlement

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in Germany and Austria as bait, also plugged for atomic ban. On 4 August follow-up note asked preliminary 4-Power meeting in August or September (press).

B. At end Geneva conference, leading Pravda correspondent predicted; "We will all grow old covering conferences."

IV. Another weapon in Communist campaign to splinter Western alliance will be East-West trade.

A. Although such trade will fall short of Soviet promises, Western countries apparently welcome Kremlin's policy of "trade for trade's sake" as proof Soviet reasonableness.

B. Soviet's present attempt to use its trade position to secure Finnish political commitments is a tactic they will apply elsewhere.

V. In Far East, immediate Communist aims: increase Asian neutralist sentiment; block Western-sponsored collective defense, particularly establishment additional US bases.

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- A. At Geneva, Chinese Communist journalist said: "We have won first campaign for neutralization all South-east Asia." Communist propaganda stepping up "Asia for Asians" theme.
- B. Peiping may propose own Asian security pact; threaten prospective Asian members of SEATO with "consequences" of joining.

VI. Nonetheless, Communists will increase pressures in Far East. Three areas for immediate exploitation are Indochina, Thailand and Formosa.

- A. In Indochina, Communists will not violate armistice line, but will use political, psychological and paramilitary means to gain domination of whole area.

1. Ho (22 July) stated people of north, central, south Vietnam "will be liberated:" French believe

south Vietnam flooded with Viet Minh political
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agents, preparing way for "early" elections.

B. In Thailand, stepped-up psychological pressure, perhaps subversion.

1. Ex-premier Pridi, whose whereabouts obscure since 1947, attended Peiping banquet China Peace Committee his honor 22 July.

2. Pridi warned Thai people they "duty-bound" overthrow American-controlled "reactionary puppet" government, restore nation's good name.

3. Thai leaders have fear of Pridi:

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Thai Government spokesman termed his attack "first step" in campaign Communist conquest Thailand.

C. In particular, Peiping will emphasize issue of Formosa; promote friction between US and others of Free World over support of Nationalists.

1. Senior Communist General Chu Te made bellicose

"other countries" not allowed to interfere.

Premier Chou, back from Geneva, echoes view.

(New note - today)

2. Peiping smarting from TUAPSE, other ship seizures
by Nationalists, destruction of planes at Hainan.

3. May attack Nationalist-held islands off China
coast with diversionary air attacks on Formosa.

4. Major Nationalist islands (north to south) are
Tachen group (15,000 troops), Nanchi (4,500),
Matsu group (9,000) and Chinmen (47,000).

5. In East China, Communists have 350,000 troops,

Have ten Air

Division, (total at least 300 fighters, 100
bombers). Navy in area totals 35 landing-ships,
40 torpedo boats, dozen small warships.

6. Communists can take any of islands (but Chinmen
would be costly).

VII. Elsewhere in Far East, immediate prospects for Communist
action are less dramatic.

INSERT SUGGESTED FOR NSC BRIEFING

-Probable Post-Geneva Communist Policy

(To follow Item IIIA - which covers 24 July note)

- I. Soviet note of 4 August proposes four power foreign ministers' conference in August or September to prepare for future all-European security conference and to discuss Germany.
 - A. Kremlin is obviously disappointed by the cold Western reaction to its previous call for a European conference, and is very concerned about pending EDC debate in France.
 - B. The note proposes no immediate talks on a German peace treaty and unification, where the Soviet Union has very little maneuverability.
 - C. Instead it proposes talks on unspecified German questions
 1. It will probably renew the plans for a variety of all-German committees, suggested at the Berlin conference.
 2. The current visit of East German deputy premier Ulbricht may lead to more extensive proposals.

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